



INSTITUTE OF TECHNOLOGY SLIGO

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st AUGUST 2020

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CORPORATE GOVERNANCE STATEMENT

Governing Body

The Institute's Governing Body was established under the Regional Technical Colleges Acts 1992 to 2001 and additional functions were assigned under the Institutes of Technology Act 2006. The Governing Body is accountable to the Minister for Further and Higher Education, Research, Innovation and Science and is responsible for ensuring good governance. The Governing Body is collectively responsible for leading and directing the Institute's activities and fulfils key functions, including: reviewing and guiding strategic direction and major plans of action, risk management policies and procedures, annual budgets and business plans, setting performance objectives, monitoring implementation and Institute performance, and overseeing major capital expenditure and investment decisions. The Governing Body acts on a fully informed and ethical basis, in good faith, with due diligence and care, and in the best interest of the Institute, having due regard to its legal responsibilities and the objectives set by Government.

Strategic Plan, Annual Programmes and Budget

The Governing Body has formally undertaken an evaluation of actual performance, by reference to the Institute's Strategic Plan and Budget and has subsequently approved an Annual Programme and Budget for the Institute.

Compliance with Public Spending Code

The Governing Body confirms that Institute of Technology, Sligo adheres to the relevant aspects of the Public Spending Code and that the Governing Body has ensured robust and effective systems and procedures are in place to ensure compliance with the relevant principles, requirements and guidelines of the Public Spending Code including guidelines for achieving value for money.

Management of Capital Projects

Institute of Technology, Sligo confirms that its policies and procedures in the management of capital projects are compliant with the relevant principles, requirements and guidelines of the Public Spending Code and the Capital Works Management Framework.

Governing Body Meetings

During the period from 1st September 2019 to 31st August 2020 the Governing Body met on 12 separate occasions (see figure 1.1 below for the dates of the meetings):

Institute of Technology, Sligo can confirm that during the period the Governing Body met 2 times without executive members or management present.

Figure 1.1 Governing Body Meeting Dates:

| Governing Body Member | Role/ Nominated By / Rep Body | Number of Meetings Attended |
|--------------------------------------|--------------------------------------|------------------------------------|
| Mr. Michael Barrett | IT Sligo - Academic Staff | 7/8 |
| Ms. Angela Bartlett | IT Sligo - Academic Staff | 8/8 |
| Cllr. Mary Bohan | Mayo Sligo Leitrim ETB | 8/12 |
| Ms. Helen Boyce | Env. Protection Agency | 6/8 |
| Mr. Geoffrey Browne | Donegal ETB | 10/12 |
| Mr. Paraic Casey | Health Services Executive | 11/12 |
| Cllr. John Caulfield | Mayo Sligo Leitrim ETB | 0/8 |
| Ms. Veronica Cawley | IT Sligo - Non-Academic Staff | 7/8 |
| Mr. Philip Delamere | Arts Council | 4/8 |
| Ms. Mary Dolan Mc Loughlin | SIPTU | 7/12 |
| Mr. Seamus Kilgannon | Mayo Sligo Leitrim ETB | 11/12 |
| Ms. Mary Madden | Mayo Sligo Leitrim ETB | 6/12 |
| Dr. Brendan Mc Cormack | President | 12/12 |
| Mr. Felim Mc Neela | Sligo Chamber | 11/12 |
| Ms. Laura Muldoon | Student Representative | 9/12 |
| Mr. Conor Murphy | American Chamber | 5/8 |
| Mr. Niall O' Donnellan | Chairperson | 12/12 |
| Cllr Rosaleen O'Grady | Mayo Sligo Leitrim ETB | 9/12 |
| Mr Jason Quinn | Student Representative | 8/12 |
| Ms. Avery Dooher - Resigned 13.05.20 | Arts Council | 0/1 |
| Cllr Richard Finn | Mayo Sligo Leitrim ETB | 1/4 |
| Ms Beatrice Flavin | IT Sligo - Academic Staff | 4/4 |
| Mr. Ciaran Hayes | Local Community Dev C'ee | 4/4 |
| Dr. Mick Henry | Env. Protection Agency | 4/4 |
| Ms Martina Kelly | IT Sligo - Non-Academic Staff | 4/4 |
| Dr. Brian McCann | IT Sligo - Academic Staff | 4/4 |

Institute of Technology, Sligo can confirm that fees and/or expenses paid to members of the Governing Body are in accordance with guidelines from the Department of Finance.

| Governing Body Member | Expenses | Interview Fee | Total Paid |
|------------------------------|-----------------|----------------------|-------------------|
| Mr Philip Delamere | 1,064.44 | - | 1,064.44 |
| Mr Niall O'Donnellan | 816.00 | - | 816.00 |
| ClIr Mary Bohan | 255.28 | 2,700.00 | 2,955.28 |
| Mr Geoffrey Browne | 2,180.24 | 4,200.00 | 6,380.24 |
| Ms Mary Dolan McLoughlin | - | 2,700.00 | 2,700.00 |
| Mr Conor Murphy | - | - | - |
| Mr Paraic Casey | - | - | - |
| Mr Felim McNeela | - | - | - |
| Ms Helen Boyce | 607.58 | - | 607.58 |
| Ms Mary Madden | - | - | - |
| ClIr John Caulfield | 71.66 | 300.00 | 371.66 |
| Mr Seamus Kilgannon | - | 1,800.00 | 1,800.00 |
| ClIr Rosaleen O'Grady | - | - | - |
| Ms Avery Dooher | - | - | - |
| ClIr Richard Finn | - | - | - |
| Mr Ciaran Hayes | - | - | - |
| Dr Mick Henry | - | - | - |
| Total | 4,995.20 | 11,700.00 | 16,695.20 |

Risk Management

The Governing Body approves the Institute's risk management framework and monitors its effectiveness, approval and oversight of Institute of Technology, Sligo's Risk Management Policy including structured and periodic reviews and updates to the Institute Corporate Risk Register by the Executive Management Team. This review includes an assessment of the principal risks, risk rating and associated mitigations for each of the risks set out in the Institute Corporate Risk Register.

Audit and Risk Committee

The Terms of Reference for the Audit and Risk Committee are set by the Governing Body of the Institute and include provision regarding:

- Membership
- Reporting Requirements
- Authority to investigate
- Meetings – timing, conduct and frequency
- Information requirements
- Value for money
- Governance and responsibilities regarding:
 - Risk Management
 - Internal Control
 - Internal Audit
 - External Audit
- Review of its own effectiveness.

The Chairperson of Governing Body is satisfied that the Audit and Risk Committee has discharged its role effectively and efficiently and has met the requirements with regard to frequency of meetings in this Academic Year. During the period from 1st September 2019 to 31st August 2020 the Audit and Risk Committee met on 6 occasions. See figure 1.2a below for details of meetings held during the year.

Other Committee Meetings

The Equality, Diversity and Inclusion Committee met on 4 occasions. See figure 1.2b below for details of meetings held during the year.

Figure 1.2a Audit and Risk Committee Meeting Dates:

| Member | Role | Number of Meetings Attended |
|--|--------------------------|-----------------------------|
| Mr. Paraic Casey (Chair) | Member of Governing Body | 6/6 |
| Mr. Philp Delamere | Member of Governing Body | 4/4 |
| Mr. Michael Guilfoyle | External Member | 4/4 |
| Ms. Noreen O’Kelly - resigned Nov 2019 | External Member | 1/2 |
| Councillor Mary Bohan | Member of Governing Body | 3/6 |
| Mr. Felim McNeela | Member of Governing Body | 2/2 |
| Aisling McCabe | External Member | 2/2 |

Figure 1.2b Equality, Diversity and Inclusion Committee Meeting Dates:

| Member | Role | Number of Meetings Attended |
|----------------------|--|-----------------------------|
| Jacqueline McCormack | Chair - VP Online and Distance Learning | 4/4 |
| Tom Reilly | Equality, Diversity & Inclusion Manager | 4/4 |
| Aoife Cooke | External - (Head of Equal Opportunities NUIG) | 3/4 |
| Owen Barr | External - (Professor of Nursing & Intellectual Disabilities U Ulster) | 3/4 |
| Geoffrey Browne | Governing Body Member | 3/4 |
| Seamus Kilgannon | Governing Body Member | 0/2 |
| Michael Barrett | Governing Body Member | 4/4 |
| Veronica Cawley | Governing Body Member | 4/4 |
| Laura Muldoon | Students Union President 2019-20 | 3/4 |

Performance Evaluation of the Governing Body and its Committees

The Governing Body commissioned an external review of its performance during the Governing Body term 2015-2020 which was carried out during the 2018/19 academic year with the assistance of the Institute of Public Administration (IPA) and the results of this were approved by the Governing Body on 19th June 2019. The next external review will take place during the term of the current Governing Body which commenced in May 2020.

An internal assessment was not carried out during the 2019/20 Academic year by the members of the previous Governing Body. An internal assessment using the assessment evaluation questionnaire contained within the THEA Code of Governance has been carried out in Q4 2020 by the new Governing Body.

General Governance and Accountability Issues

Institute of Technology, Sligo can confirm that there are no governance and accountability issues that the Institute wish to bring to the attention of the Minister for Further and Higher Education, Research, Innovation and Science and the HEA.

Asset Disposals

Institute of Technology, Sligo can confirm there were no disposals of assets or grants of access to property or infrastructure for commercial arrangements with third parties above the threshold of €150,000 which have not been subject to auction or competitive tendering process during the financial year.

Commercially Significant Developments affecting the Institute

Institute of Technology, Sligo can confirm that there were no commercially significant developments that affected the Institute in the year apart from those given below. There are also, to the Institute's knowledge, no major issues likely to arise in the short to medium term that will affect the Institute apart from the Institute's joint application with Galway Mayo Institute of Technology and Letterkenny Institute of Technology for Technological University designation.

The Institute has a shareholding of 10.39% in Nektr Technologies. This company was formed in March 2018 to commercialise intellectual property owned by the Institute. There are no loans nor other financially enforceable obligations arising for the Institute as a result of this shareholding. No dividend has been received to date from Nektr Technologies.

In January 2021 the Institute received a proposal from the shareholders of Nektr which would see the company acquire new funding through the further issue of shares. Under this proposal the Institute's shareholding would be diluted from 10.39% to 8.61%. The Governing Body agreed to this proposal on 24th of February 2021.

On 10th September 2019 the Institute formed a Designated Activity Company (DAC) with Sligo County Council and Leitrim County Council - Sligo Leitrim ITS Regional Development Projects Designated Activity Company. The DAC was formed with the purpose of progressing regional development projects and the Institute owns 34% of the shares. The financial commitment the Institute has made to the company is to provide matched funding for the Digital Manufacturing Futures Centre in cash to the amount of €151,244, the full amount to be paid by the 31st December 2021.

Summary of all Off-Balance Sheet Transactions of the Institute

There were no off-balance sheet financial transactions during the year.

Code of Conduct for Members and Employees

Institute of Technology, Sligo can confirm that a Code of Conduct for both Members and Employees has been implemented. This includes clear conflict of interest and ethics in public office policies.

Compliance with Government Policy on Pay of the President and Institute Employees

Institute of Technology, Sligo can confirm that the Institute has complied with its obligations under the Government policy on the pay of the President and all other Institute employees.

Please also refer to financial statements disclosure note 9.

Statement of Compliance

The Chairperson of Institute of Technology, Sligo confirms that Government Pay Guidelines are being complied with in respect of such appointees who serve on the Governing Body and any subsidiaries of the Institute.

Confidential Disclosure Reporting - Protected Disclosures Act 2014

The Governing Body confirm that procedures for Confidential Disclosure Reporting have been implemented in Institute of Technology, Sligo. These procedures allow employees, in confidence, to raise concerns about possible irregularities in financial reporting or any other matters, as well as ensuring that meaningful follow-up of matters raised this way takes place. The Confidential Disclosure Reporting in place at Institute of Technology, Sligo is in line with the Protected Disclosures Act 2014.

The Governing Body also confirm that the annual report, as required under section 22(1) of the Act has been published.

There were no protected disclosures received from employees of Institute of Technology, Sligo during the year.

Tax Laws

Institute of Technology, Sligo can confirm that the Institute has complied with its obligations under tax law. Please also refer to financial statements disclosure note 11.

Legal Disputes

A breakdown of the legal costs/settlements is included in the financial statements disclosure note 10. Institute of Technology, Sligo has no legal disputes involving other State Bodies.

Institute Subsidiaries

Institute of Technology, Sligo had two subsidiaries which operated for the following purposes:

| Figure 1.5 | | |
|------------------------|------------------------------|---|
| Subsidiary Name | Year of Establishment | Purpose / Function |
| BCS Ltd | 1992 | To run the Canteen and other secondary activities at the Institute. |
| CREDCO Ltd | 1991 | To progress research and consultancy activities. |

Both of these subsidiaries were placed into liquidation on 30th June 2017 and the liquidation has since been finalised (23rd September 2020 for BCS Ltd and 16th September 2020 for CREDCO Ltd).

Please refer to the financial statements disclosure note 14 for additional detail.

Intellectual Property (IP) and Conflict of Interest

- (i) The Institute confirms that the Institute has in place a single IP policy, published on its website, which reflects the National IP Management Requirements of the national IP Protocol.
- (ii) The Institute confirms that the Institute has in place a single Conflict of Interest Policy, and that this is published on its website.

The Institute confirms that the Governing Body reviews all IP commercialisation and conflicts of interest on an annual basis.

Gender Balance, Diversity and Inclusion

Institute of Technology, Sligo recognises the importance of diversity and inclusion for all staff and students of the Institute. To that regard the Institute has made an application for the Athena Swan Bronze award from AdvanceHE, which was approved by the Governing Body on 11th November 2020, a body concerned with gender equality and diversity in the third level education sector. This application includes a comprehensive action plan to tackle gender equality, diversity and inclusion in the Institute.

With respect to the membership of the Governing Body, while the Institute can, and has, engaged in the appointments process, the appointment decisions are made by the Minister. As at 31st August 2020, the Governing Body had 7 (39%) female and 11 (61%) male members. The Governing Body therefore does not

INSTITUTE OF TECHNOLOGY SLIGO

meet the Government target of a minimum of 40% representation of each gender in the membership of boards of state bodies. However, there was one vacant position at the Governing Body at 31.08.20 and the nominating body responsible nominated a female to fill this position. This appointment was approved by the Minister on 22nd December 2020 and with other changes to the membership which have arisen the board has female representation of 44% and male representation of 56% on the 1st January 2021 and meets the target at that date (out of 18 members).

Please refer to Figure 1.1 above for the listing of Governing Body members and their roles.

Travel and Subsistence

Institute of Technology, Sligo confirms that Government travel policy requirements are being complied with in all respects.

| | 2019/2020 €000's | 2018/2019 €000's |
|----------------------|---------------------|---------------------|
| Domestic Travel | 266 | 492 |
| International Travel | 181 | 261 |
| | <u>447</u> | <u>753</u> |

Hospitality Expenditure

| | 2019/2020 €000's | 2018/2019 €000's |
|----------------|---------------------|---------------------|
| Staff Events | 35 | 34 |
| Conferring | 33 | 33 |
| Other External | 5 | 4 |
| Total | <u>73</u> | <u>71</u> |

Legal Costs/Settlements

| | 2019/2020 €000's | 2018/2019 €000's |
|-------------------|---------------------|---------------------|
| Professional Fees | 134 | 62 |
| Settlements | 33 | - |
| Total | <u>167</u> | <u>62</u> |

Consultancy fees

| | 2019/2020 €000's | 2018/2019 €000's |
|--|---------------------|---------------------|
| Professional Fees: Legal (legal fees across all areas to be included here e.g. for pension, HR etc.) | 167 | 62 |
| Professional Fees: Tax and financial advisory (e.g. due diligence, accounting, corporate finance) | 317 | 9 |
| Professional Fees: Public relations/marketing | 47 | 142 |
| Professional Fees: Pensions and human resources | 29 | 17 |
| Professional Fees: Other | 347 | 230 |
| Total | <u>907</u> | <u>460</u> |

Annual Report and Financial Statements

The Governing Body has reviewed and approved the draft Annual Report and Financial Statement and considers the Financial Statement to be a true and fair view of the Institute's financial performance and its financial position at the end of the year.

Governing Body Responsibilities

The Institutes of Technology Acts 1992 to 2006 require the Institute to prepare Financial Statements in such form as may be approved by the Higher Education Authority and to submit them for audit to the Comptroller and Auditor General. In preparing these Financial Statements, the Governing Body is required to:

- Select suitable accounting policies and apply them consistently.
- Make judgements and estimates that are reasonable and prudent.
- Prepare Financial Statements on the going concern basis, unless it is inappropriate to presume that the Institute will continue in operation.
- Disclose and explain any material departures from applicable accounting standards.

The Governing Body is responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Institute and which enables it to ensure that the Consolidated Financial Statements comply with the Institutes of Technology Acts 1992 to 2006.

The Institute is also responsible for safeguarding its assets and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Chairperson: Niall O'Donnellan

Niall O'Donnellan

President: Brendan McCormack

Dr. Brendan McCormack

Date: Jun 16, 2021

STATEMENT ON SYSTEM OF INTERNAL CONTROLS

Scope of Responsibility

On behalf of the Governing Body of Institute of Technology, Sligo, we acknowledge our responsibility for ensuring that an effective system of internal controls is maintained and operated in the Institute and for putting in place processes and procedures for the purpose of ensuring that the system is effective. This responsibility reflects the requirements of the Code of Practice for the Governance of State Bodies (2016) as encapsulated by the THEA Code of Governance for Institutes of Technology.

Purpose of the System of Internal Controls

The system of internal controls is designed to manage risk to an acceptable level rather than to eliminate it. The system can therefore only provide reasonable and not absolute assurance that assets are safeguarded, transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or detected in a timely way.

The system of internal controls, which accords with guidance issued by the Department of Public Expenditure and Reform, has been in place in Institute of Technology, Sligo for the year ended 31st August 2020 and up until the date of approval of the financial statements.

Annual Review of the Effectiveness of Internal Control

The Governing Body conducted an annual review of the effectiveness of the system of internal control for the year ended 31st August 2020 on 24th February 2021.

Disclosure of Breaches in Internal Control, Weakness in Internal Control and Material Losses or Frauds

No breaches or weaknesses in internal control were identified which required disclosure in the Institute's Statement on System of Internal Controls.

Review of Statement of Internal Control

We confirm that the Statement on System of Internal Control is reviewed by the Audit and Risk Committee and the Governing Body to ensure it accurately reflects the control system in operation during the reporting period.

Appropriate Control Environment

The Governing Body has taken steps to ensure an appropriate control environment is in place by:

- Clearly defining management responsibilities.
- Developing procedures and regulations which are reviewed regularly and are documented, implemented and up to date.
- Establishing formal procedures through various committee functions to monitor the activities and safeguard the assets of the organisation.
- Developing a strong culture of accountability across all levels of the organisation.
- Establishing procedures for reporting significant control failures and ensuring corrective action is taken.
- Adopting and adhering to the Code of Practice for the Governance of State Bodies as encapsulated by the THEA Code of Governance for Institutes of Technology.
- Ensuring the control environment includes an active Audit and Risk Committee, internal audit function and regular reporting to the Governing Body on financial results.

Business Risks

Institute of Technology, Sligo has developed processes to identify and evaluate business risks. This is achieved in a number of ways including:

- Developing a strategic plan for the Institute to facilitate management and the Governing Body in identifying the key activities and key performance indicators necessary to plan for and manage its operations effectively.
- Adoption of a Risk Management Policy.
- Identifying key risks, risk owners and the controls to mitigate these risks.
- Developing annual and longer term targets and reporting on results achieved.
- Implementation of an Internal Control Framework.
- A comprehensive budgeting system with an annual budget which is reviewed and agreed by the Governing Body.
- Regular reviews by the Governing Body and its committees of periodic and annual financial reports which indicate financial performance against forecasts.
- Setting targets to measure financial and other performances.
- Clearly defined capital investment control guidelines.

Information Systems

Institute of Technology, Sligo has implemented a number of Management Information Systems to provide a means of comparing actual results to targets and forecasts. These systems include:

- Financial Management – Agresso
- Human Resources and Payroll Management – CoreHR
- Travel and Expenses – CoreHR
- Student Administration – Banner
- Course Builder application – Module Manager
- Timetabling – Syllabus
- Library Management - Koha

Financial Implications of Major Business Risks

Institute of Technology, Sligo employs a range of actions to reduce the potential for fraudulent activity. Institute of Technology, Sligo’s internal control policy framework includes written policies and procedures requiring transactions to be properly authorised and providing for sufficient segregations of duties.

Compliance with Procurement Rules and Guidelines

We confirm that the Institute has a Corporate Procurement Plan and procedures in place that are being implemented to ensure compliance with Public Procurement Guidelines and relevant guidance that may be issued by the Office of Government Procurement (OGP), the Education Procurement Service (EPS) and the Department of Public Expenditure and Reform. The total value of non-compliant procurement in the Institute during the year was €194,205 (5 suppliers).

Review of the Effectiveness of the Internal Control System

We confirm that Institute of Technology, Sligo has procedures to monitor the effectiveness of its risk management and control procedures. The Governing Body’s monitoring and review of the effectiveness of the system of internal control is informed by the work of the Institute Executive and Management who have responsibility for the development and maintenance of the internal control framework, the Audit and Risk Committee, the Internal Auditors and comments made by the Comptroller and Auditor General in his management letter.

Institute of Technology, Sligo has an outsourced internal audit function, which is in accordance with the Internal Audit Terms of Reference approved by the Governing Body and the THEA Code of Governance for Institutes of Technology.

The Audit and Risk Committee reviewed the impact of the pandemic on the control environment and the operation of the Institute’s control procedures at its meeting on the 12th January 2021 and determined that there was minimal impact.

Signed on behalf of the Governing Body of Institute of Technology, Sligo

Niall O'Donnellan

Jun 16, 2021

Niall O'Donnellan
Chairperson

Date

Brendan McCormack

Jun 16, 2021

Dr. Brendan McCormack
President

Date

REPORT FROM THE COMPTROLLER AND AUDITOR GENERAL



Ard Reachtair Cuntas agus Ciste Comptroller and Auditor General

Report for presentation to the Houses of the Oireachtas

Institute of Technology Sligo

Opinion on the financial statements

I have audited the financial statements of the Institute of Technology Sligo for the year ended 31 August 2020 as required under the provisions of the Institutes of Technology Acts 1992 to 2006. The financial statements comprise

- the statement of comprehensive income
- the statement of changes in reserves and capital account
- the statement of financial position
- the statement of cash flows and
- the related notes, including a summary of significant accounting policies.

In my opinion, the financial statements give a true and fair view of the assets, liabilities and financial position of the Institute at 31 August 2020 and of its income and expenditure for the year then ended in accordance with Financial Reporting Standard (FRS) 102 — *The Financial Reporting Standard applicable in the UK and the Republic of Ireland*.

Basis of opinion

I conducted my audit of the financial statements in accordance with the International Standards on Auditing (ISAs) as promulgated by the International Organisation of Supreme Audit Institutions. My responsibilities under those standards are described in the appendix to this report. I am independent of the Institute and have fulfilled my other ethical responsibilities in accordance with the standards.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Report on information other than the financial statements, and on other matters

The Institute has presented certain other information together with the financial statements. This comprises the statement of responsibility of the Institute and the statement on internal control.

My responsibilities to report in relation to such information, and on certain other matters upon which I report by exception, are described in the appendix to this report.

I have nothing to report in that regard.

Andrew Harkness
For and on behalf of the
Comptroller and Auditor General

29 June 2021

Appendix to the report

Responsibilities of Governing Body members

The members are responsible for

- the preparation of financial statements in the form prescribed under the Institutes of Technology Acts 1992 to 2006
- ensuring that the financial statements give a true and fair view in accordance with FRS102
- ensuring the regularity of transactions
- assessing whether the use of the going concern basis of accounting is appropriate, and
- such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Comptroller and Auditor General

I am required under the Institutes of Technology Acts 1992 to 2006 to audit the financial statements of the Institute and to report thereon to the Houses of the Oireachtas.

My objective in carrying out the audit is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement due to fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the ISAs, I exercise professional judgment and maintain professional scepticism throughout the audit. In doing so,

- I identify and assess the risks of material misstatement of the financial statements whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- I obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.
- I evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures.

- I conclude on the appropriateness of the use of the going concern basis of accounting and, based on the audit evidence obtained, on whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Institute's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Institute to cease to continue as a going concern.
- I evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Information other than the financial statements

My opinion on the financial statements does not cover the other information presented with those statements, and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, I am required under the ISAs to read the other information presented and, in doing so, consider whether the other information is materially inconsistent with the financial statements or with knowledge obtained during the audit, or if it otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

Reporting on other matters

My audit is conducted by reference to the special considerations which attach to bodies in receipt of substantial funding from the State in relation to their management and operation. I report if I identify material matters relating to the manner in which public business has been conducted.

I seek to obtain evidence about the regularity of financial transactions in the course of audit. I report if I identify any material instance where public money has not been applied for the purposes intended or where transactions did not conform to the authorities governing them. I also report by exception if, in my opinion,

- I have not received all the information and explanations I required for my audit, or
- the accounting records were not sufficient to permit the financial statements to be readily and properly audited, or
- the financial statements are not in agreement with the accounting records.

FINANCIAL STATEMENTS

INSTITUTE OF TECHNOLOGY, SLIGO

Statement of Comprehensive Income Year ended 31 August 2020

| | Note | 31/08/20 €000's | 31/08/19 €000's |
|---|-----------|--------------------|--------------------|
| Income | | | |
| State Grants | 3 | 27,325 | 23,828 |
| Tuition Fees and Student Contribution | 4 | 22,322 | 21,288 |
| Research Grants & Contracts | 5 | 5,972 | 4,731 |
| Student Support Funding | 7 | 232 | 296 |
| Other Income | 8 | 2,495 | 2,230 |
| Amortisation of Deferred Capital Grants | 19 | 2,977 | 2,714 |
| Interest Income | | 17 | 19 |
| Deferred Pension Funding | 25 | 12,994 | 12,923 |
| Total Income | | 74,334 | 68,029 |
| Expenditure | | | |
| Staff costs | 9 | 39,844 | 35,702 |
| Retirement Benefit Cost | 25 | 12,994 | 12,923 |
| Other Operating Expenses | 10 | 15,345 | 14,329 |
| Depreciation | 13 | 2,980 | 2,716 |
| Total Expenditure | | 71,163 | 65,670 |
| Surplus before tax | | 3,171 | 2,359 |
| Taxation | 11 | - | - |
| Surplus for the year before other gains and losses | | 3,171 | 2,359 |
| Experience (losses)/gains on retirement benefit obligations | | (413) | 10,979 |
| Reduction in pension liabilities arising from retirements in the year | | 3,393 | - |
| Changes in assumptions underlying the present value of retirement benefit obligations | | 8,532 | (31,957) |
| Total actuarial gains /(losses) in the year | 25 | 11,512 | (20,978) |
| Adjustment to deferred retirement benefits funding | 25 | (11,512) | 20,978 |
| Total Comprehensive Income for the year | | 3,171 | 2,359 |

The Statement of Comprehensive Income includes all gains and losses recognised in the year. Notes 1 to 28 form part of these financial statements.

Signed on behalf of the Governing Body:

Niall O'Donnellan

Chairman, Niall O'Donnellan

16th June 2021

Date

Brendan McCormack

President, Dr Brendan McCormack

16th June 2021

Date

INSTITUTE OF TECHNOLOGY, SLIGO

Statement of Changes in Reserves and Capital Account Year ended 31 August 2020

| | Note 19 | Note 20 | I&E | Total |
|---|--|---|-------------------------------|---------------|
| | Deferred State Capital Grants €000's | Capital Development Reserve €000's | Revenue Reserves €000's | €000's |
| Opening Balance at 1 September 2018 | 78,104 | 1,593 | 13,476 | 93,173 |
| Surplus for the year before appropriations | - | - | 2,359 | 2,359 |
| Amortisation of Deferred Capital Grants | (2,714) | - | - | (2,714) |
| Adjustment to accumulated depreciation | - | - | - | - |
| State Grant Allocated to Capital | 304 | - | - | 304 |
| State Capital Grants | 1,001 | - | - | 1,001 |
| Other Capital Grants | 279 | - | - | 279 |
| Transfer to Capital Development Reserve | - | 12,000 | (12,000) | - |
| Transfer from Capital Development Reserve to Deferred State Capital Grants | 5 | (5) | - | - |
| Movement for the Period | (1,125) | 11,995 | (9,641) | 1,229 |
| Balance at 31 August 2019 | 76,979 | 13,588 | 3,835 | 94,402 |
| Surplus for the year before appropriations | - | - | 3,171 | 3,171 |
| Amortisation of Deferred Capital Grants | (2,977) | - | - | (2,977) |
| State Grant Allocated to Capital | 99 | - | - | 99 |
| State Capital Grants | 4,225 | - | - | 4,225 |
| Other Capital Grants | 174 | - | - | 174 |
| Transfer to Capital Development Reserve | - | 1,012 | (1,012) | - |
| Transfer from Capital Development Reserve to Deferred State Capital Grants | - | - | - | - |
| Movement for the Period | 1,521 | 1,012 | 2,159 | 4,692 |
| Balance at 31 August 2020 | 78,500 | 14,600 | 5,994 | 99,094 |

Notes 1 to 28 form part of these financial statements.

Signed on behalf of the Governing Body:

Niall O'Donnellan

Chairman, Niall O'Donnellan

16th June 2021

Date

Brendan McCormack

President, Dr Brendan McCormack

16th June 2021

Date

INSTITUTE OF TECHNOLOGY, SLIGO

Statement of Financial Position As at 31 August 2020

| | Note | 31/08/20 €000's | 31/08/19 €000's |
|---|------|--------------------|--------------------|
| Fixed Assets | | | |
| Property, Plant & Equipment | 13 | 78,509 | 76,986 |
| Investments | 14 | - | - |
| | | <u>78,509</u> | <u>76,986</u> |
| Current Assets | | | |
| Receivables | 15 | 4,159 | 2,463 |
| Cash and Cash Equivalents | 16 | 30,480 | 25,960 |
| | | <u>34,639</u> | <u>28,423</u> |
| Less Payables: Amounts due within 1 year | 17 | (14,054) | (11,007) |
| Net Current Assets | | <u>20,585</u> | <u>17,416</u> |
| Total Assets less Current Liabilities | | <u>99,094</u> | <u>94,402</u> |
| Retirement Benefits | | | |
| Retirement benefits obligations | 25 | (237,309) | (233,853) |
| Deferred retirement benefit funding asset | 25 | 237,309 | 233,853 |
| Total Net Assets | | <u>99,094</u> | <u>94,402</u> |
| Deferred State Capital Grants | 19 | 78,500 | 76,979 |
| Unrestricted Reserves | | | |
| Income & Expenditure Reserve | | 5,994 | 3,835 |
| Capital Development Reserve | 20 | 14,600 | 13,588 |
| | | <u>20,594</u> | <u>17,423</u> |
| Total | | <u>99,094</u> | <u>94,402</u> |

Notes 1 to 28 form part of these financial statements.

Signed on behalf of the Governing Body:

Niall O'Donnellan
Chairman, Niall O'Donnellan

16th June 2021
Date

Brendan McCormack
President, Dr Brendan McCormack

16th June 2021
Date

INSTITUTE OF TECHNOLOGY, SLIGO

Statement of Cash Flows Year ended 31 August 2020

| | 31/08/20 €000's | 31/08/19 €000's |
|---|--------------------|--------------------|
| Cash flows from operating activities | | |
| Excess income over expenditure | 3,171 | 2,359 |
| Depreciation of fixed assets | 2,980 | 2,716 |
| Amortisation of deferred capital grants | (2,977) | (2,714) |
| (Increase) in receivables | (1,705) | (822) |
| Increase in payables | 3,043 | 2,350 |
| Interest Income | (17) | (19) |
| Capital grants received | 4,324 | 1,305 |
| Research and other grants received | 174 | 279 |
| Net Cash Inflow from Operating Activities | 8,993 | 5,454 |
| Cash Flows from Investing Activities | | |
| Payments to acquire property, plant & equipment | (4,499) | (1,583) |
| Net Cash Flows from Investing Activities | (4,499) | (1,583) |
| Cash Flows from Financing activities | | |
| Interest Received | 26 | 4 |
| Net Cash Flows from Financing Activities | 26 | 4 |
| Net Increase in cash equivalents in the year | 4,520 | 3,875 |
| Cash & Cash Equivalents at 1 September | 25,960 | 22,085 |
| Cash & Cash Equivalents at 31 August | 30,480 | 25,960 |

Notes 1 to 28 form part of these financial statements.

Signed on behalf of the Governing Body:

Niall O'Donnellan

Chairman, Niall O'Donnellan

Brendan McCormack

President, Dr Brendan McCormack

16th June 2021

Date

16th June 2021

Date

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies which are considered material in relation to the financial statements are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. General Information

The primary objectives of the Institute are to provide third level education and other associated services.

b. Basis for Accounting

The financial statements have been prepared under the historical cost convention, and in accordance with generally accepted accounting principles and comply with applicable Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council and promulgated for use in Ireland by Chartered Accountants Ireland and with the requirements of the Higher Education Authority.

The functional currency under FRS 102 for Institute of Technology, Sligo is considered to be Euro because that is the currency of the primary economic environment in which the Institute operates.

In 2017, the Institute had two subsidiaries and as a result prepared consolidated financial statements. On 30 June 2017, all of the activities of the two subsidiaries were transferred to the Institute and the subsidiaries were wound up in March 2018. Consolidated accounts are not required for the years ended 31st August 2018, 31st August 2019 or 31st August 2020. The subsidiaries have now been liquidated. See note 14 for further information.

c. Property, Plant & Equipment

(i) Land and buildings

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

| | |
|-------------------------|----------------------------|
| Freehold buildings | 50 years |
| Leased Land & Buildings | Over the term of the lease |

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

(ii) Equipment

From 1st September 2008, equipment costing less than €3,000 per individual item is written off to the Statement of Comprehensive Income in the year of acquisition. All other equipment is capitalised at cost. Capitalised equipment is depreciated over its useful economic life as follows:

| | |
|---------------------------------------|----------|
| Fixtures & Fittings including Prefabs | 10 years |
| Computer equipment | 3 years |
| Plant & Machinery | 10 years |
| Equipment | 5 years |
| Motor Vehicles | 5 years |

All equipment funded from Research Grants and Contracts is depreciated over the life of the asset in line with the policy for all other Fixed Assets or over the length of the project, depending on the requirements of the funding agreement.

d. Licencing of Intellectual Property

The Institute may enter into arrangements with third parties in relation to the licencing of Intellectual Property created at and owned by the Institute. Such agreements may include direct payment to the Institute and/or shareholding in the entity licencing the Intellectual Property. Where such shareholding are in unquoted entities, the value is not included in the Statement of Financial Position due to difficulties in estimating the related fair value. Details of these arrangements are disclosed in the related party note.

e. Impairment of Assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each statement of financial position date. If there is objective evidence of impairment, an impairment loss is recognised in surplus or deficit as described below.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

f. Taxation

Corporation tax

As an exempt charity, the Institute is not liable for corporation tax or income tax on any of its charitable activities. It is registered for value added tax, but since the supply of education is an exempt activity on which no output tax is charged it is unable to recover input tax on the majority of its purchases. Certain research and commercial activities within the Institute fall into the VAT net, any input or output tax relating to these activities is returned to the Revenue by the Institute.

g. Recognition of income

State Grants

Recurrent state grants from the Higher Education Authority and other bodies are recognised in the period in which they are receivable. Non Recurrent Grants from the Higher Education Authority or other bodies received in respect of the acquisition or construction of Fixed Assets are treated as Deferred State Capital Grants and amortised in line with the depreciation over the life of the assets.

Fee Income

Fee income is accounted for on an accruals basis.

Research grants and contracts

Income from research grants and contracts is matched to expenditure and is included in the income of the year in which the related expenditure has been incurred. The most common classes of such transactions are:

(i) Donations with no restrictions

Donations with no restrictions include amounts given to the Institute by way of cash or asset with no restriction as to how the donation should be used. Such donations are recorded in the Statement of Comprehensive Income on entitlement to the income.

(ii) Donations with restrictions

Donations with restrictions are recorded within the Statement of Comprehensive Income on entitlement to the income. The restricted income received is held in the temporarily restricted reserve until such time that the expenditure is incurred in accordance with the restrictions.

(iii) Research grants from non-government source

Income from grants from non-government sources is recognised in the Statement of Comprehensive Income when performance related conditions are met. If a restriction in use but no performance related condition exists, the income is recorded in the Statement of Comprehensive Income when the Institute becomes entitled to the income.

Grants with unfulfilled performance related conditions are held as deferred income until such time as the conditions are met, at which point the income is recorded in the Statement of Comprehensive Income.

Grants with restrictions are recorded within the Statement of Comprehensive Income on entitlement to the income and subsequently retained within a restricted reserve until such time that the expenditure is incurred in line with the restriction.

Minor Capital Works

The Minister for Further & Higher Education, Research, Innovation and Science introduced a scheme to devolve responsibility to the Institute for Summer and other Capital Works. In all cases Minor Capital Works funding is recognised in the period received.

Income from short-term deposits

All income from short-term deposits is credited to the Statement of Comprehensive Income in the period in which it is earned.

h. Employee benefits

(i) Retirement Benefits

Pension entitlements of staff recruited prior to 1 January 2013 are conferred under a defined benefit pension scheme established under the Education Sector Superannuation Scheme 2015. The scheme is operated on a Pay-as-You-Go basis, with superannuation deductions made from employees being retained by the Institute as an agreed part of its funding.

The Institute also operates the Single Public Services Pension Scheme ("Single Scheme"), which is the defined benefit scheme for pensionable public servants appointed on or after 1 January 2013 in accordance with the Public Service Pensions (Single Scheme and Other Provisions) Act 2012. Single Scheme members' contributions are paid over by the Institute to the Department of Public Expenditure and Reform (DPER).

Pension costs charged to expenditure in the year reflect the benefits earned by current employees during the year and are shown net of staff pension contributions which, in respect of (i) the Education Sector Superannuation Scheme 2015, are retained by the Institute and (ii) the Single Scheme, are remitted to DPER. An amount corresponding to the pension cost is recognised as income.

Pension liabilities represent the present value of future pension payments earned to date. The retirement benefit funding asset reflects the expectation that the Department of Further and Higher Education, Research, Innovation and Science will continue to pay pensions and retirement lump sums as they fall due.

Actuarial gains or losses arising on scheme liabilities are reflected in the Statement of Comprehensive Income and a corresponding adjustment is recognised in the retirement benefit funding asset.

The financial statements reflect, at fair value, the assets and liabilities arising from the Institute's pension obligations in respect of its current staff only and any related funding. The costs of providing pension benefits are recognised in the accounting periods in which they are earned by employees. Pension liabilities in respect of former employees who are in receipt of pension are excluded because pension payments are charged to the appropriation account of the Department of Further and Higher Education, Research, Innovation and Science. The reduction in liability arising from members who retire during the year is reflected as an experience gain. Retirement benefit scheme liabilities are measured on an actuarial basis using the projected unit credit method.

Subsidiary staff are not part of the public sector schemes and each company operated its own private scheme.

(ii) Short-Term Benefits

Short-term benefits such as holiday pay are recognised as an expense in the year, and benefits that are accrued at year-end are included in the Payables figure in the Statement of Financial Position. There is no accrual for holiday pay for Academic staff at year-end due to the nature of their contracts.

i. Foreign Currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are reported at the rates of exchange prevailing at that date.

j. Leases

Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the statement of comprehensive income over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

k. Deferred State Capital Grants

Deferred State capital grants represent the unamortised value of accumulated funds from State sources used for the acquisition or construction of fixed assets.

Capital Grants from the Higher Education Authority or other State bodies received in respect of the acquisition or construction of fixed assets are treated as deferred State capital grants and amortised in line with the depreciation charged over the life of the assets.

l. Capital Development Reserve

The capital development reserve represents funds set aside by the Institute for specified capital development purposes. Such funds arise from Student Registration Fees, non-state capital donations, banking facility fees and transfers from Revenue Reserves, together with bank interest earned on these monies. Such funds shall be retained in the Capital Development Reserve Account provided the defined projects to which they are committed are in line with the Institute's Capital Development plan, have been approved by the Governing Body and are time phased and with estimates of costs.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Institute's accounting policies, which are described in note 1, the Governing Body are required to make judgements, estimates, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Institute's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the Governing Body has made in the process of applying the Institute's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

a) Going Concern

COVID-19 crisis has created major business challenges for all third level institutions. The Institute continues to assess the ongoing and projected financial and operational impacts of this and these are being reported on regularly to the Governing Body. The Governing Body are satisfied that there is sufficient funding for the Institute to meet its liabilities as they fall due and to continue as a going concern. On this basis the Institute considers it appropriate to prepare financial statements on a going concern basis. Accordingly, these financial statements do not include any adjustments to the carrying amounts and classification of assets and liabilities that may arise if the Institute was unable to continue as a going concern. The Governing Body will continue to monitor the evolving financial and operational impacts of COVID-19. The Institute has developed an operational plan for the 2020/21 academic year.

b) Property, Plant and Equipment

Depreciation is calculated based on estimates and assumptions on the useful economic life and expected residual value of the asset.

c) Provision for Doubtful Debts

The Institute makes an estimate of the recoverable value of trade debtors and other debtors. The Institute uses estimates based on historical experience in determining the level of debts, which may not be collected. These estimates include such factors as the current rating of the debtor, the ageing profile of debtors and historical experience. The level of provision required is reviewed on an on-going basis.

d) Holiday Pay Accrual

The holiday pay accrual is calculated by reference to the days holidays outstanding at the year end. Academic staff do not require an accrual at year end due to the nature of their contract.

e) Retirement Benefit Obligation

The assumptions underlying the actuarial valuations for which the amounts recognised in the financial statements are determined (including discount rates, rates of increase in future compensation levels, and mortality rates) are updated annually based on current economic conditions, and for any relevant changes to the terms and conditions of the pension and post-retirement plans.

The assumptions can be affected by:

- (i) The discount rate, changes in the rate of return on high-quality corporate bonds.
- (ii) Future compensation levels, future labour market conditions.

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued) Year ended 31 August 2020

3 State Grants

| | Allocated for Recurrent Expenditure €000's | Allocated for Capital Expenditure €000's | 31/08/20 Total €000's | Allocated for Recurrent Expenditure €000's | Allocated for Capital Expenditure €000's | 31/08/19 Total €000's |
|---|---|---|-----------------------------|---|---|-----------------------------|
| Recurrent Grant - Higher Education Authority (note 6) | 25,880 | 99 | 25,979 | 23,627 | 304 | 23,931 |
| Devolved Grant | - | 750 | 750 | - | 750 | 750 |
| Capital Grant - Higher Education Authority | 170 | 3,475 | 3,645 | 201 | 251 | 452 |
| Covid-19 Support funding | 1,275 | - | 1,275 | - | - | - |
| Total | 27,325 | 4,324 | 31,649 | 23,828 | 1,305 | 25,133 |

Included in the recurrent grant allocation from the HEA in 2020 an amount of €1,275,459 relates to funding specifically associated with meeting the extra costs incurred to response to Covid-19.

4 Tuition Fees and Student Contribution

| | 31/08/20 Students WTE | 31/08/20 State Funded €000's | 31/08/20 Non State Funded €000's | 31/08/20 Total €000's | 31/08/19 Students WTE | 31/08/19 State Funded €000's | 31/08/19 Non State Funded €000's | 31/08/19 Total €000's |
|--|-----------------------------|---------------------------------------|---|-----------------------------|-----------------------------|---------------------------------------|---|-----------------------------|
| Fees paid by State | 2,844 | 1,810 | - | 1,810 | 3,039 | 1,825 | - | 1,825 |
| Non EU Fees | 158 | - | 933 | 933 | 140 | - | 845 | 845 |
| Fees paid by students or on behalf of Students | 204 | - | 844 | 844 | 201 | - | 288 | 288 |
| Life Long Learning and other fees | 2,497 | 1,324 | 7,715 | 9,039 | 2,217 | 1,184 | 6,886 | 8,070 |
| Student Contribution inc repeat exam fees | - | 5,442 | 4,254 | 9,696 | - | 6,070 | 4,190 | 10,260 |
| Student Numbers / Net Fee Income | 5,703 | 8,576 | 13,746 | 22,322 | 5,597 | 9,079 | 12,209 | 21,288 |

The Higher Education Authority paid tuition fees in the year of €1,809,639 for fees and €1,095,640 for Springboard/ICT Skills, the total costs of which are part funded by the European Social Fund.

SUSI paid student contribution fees in the year of €5,442,593.

Student numbers are stated as wholetime equivalents, based on enrolled credits.

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued) Year ended 31 August 2020

| 5 Research Grants & Contracts | 31/08/20 €000's | 31/08/19 €000's |
|----------------------------------|--------------------|--------------------|
| Income | | |
| State & semi state (Note 6) | 3,478 | 2,816 |
| European Union | 2,547 | 1,907 |
| Industry | 38 | 105 |
| Institutes of Technology Ireland | 12 | 93 |
| Other | 55 | 89 |
| Capital Expenditure | (158) | (279) |
| Total Income | 5,972 | 4,731 |
| Expenditure | | |
| Pay Costs | 2,567 | 2,049 |
| Non Pay Costs | 3,831 | 2,884 |
| Capital Expenditure | | |
| Total Costs | 6,398 | 4,933 |
| Net Outcome | (426) | (202) |

6 Analysis of State Derived Income

| Name of Grantor | Op Deferral/ (Debtor) 01/09/19 €000's | Grant received €000's | CI Debtor/ (Deferral) 31/08/20 €000's | I&E 31/08/20 €000's |
|---|--|-----------------------------|--|---------------------------|
| Note 3 - State Grant | | | | |
| Higher Education Authority | (526) | 26,573 | (68) | 25,979 |
| Devolved Grant | - | 750 | - | 750 |
| Capital Expenditure - Higher Education Authority | (38) | 4,228 | (545) | 3,645 |
| Covid-19 Support funding | - | - | 1,275 | 1,275 |
| Allocated for Capital Expenditure | - | (4,324) | - | (4,324) |
| Total State Income | (564) | 27,227 | 662 | 27,325 |
| Note 4 - Tuition Fees & Student Contribution | | | | |
| Higher Education Authority | - | 2,905 | - | 2,905 |
| Student Universal Support Ireland | - | 5,442 | - | 5,442 |
| Mayo, Sligo and Leitrim Education and Training Board | - | 229 | - | 229 |
| Total State Income | - | 8,576 | - | 8,576 |
| Note 5 - Research & Contracts | | | | |
| Dept of Agriculture, Food and the Marine | (44) | (4) | 55 | 7 |
| Enterprise Ireland | 169 | 908 | (370) | 707 |
| Environmental Protection Agency | 6 | 55 | (58) | 3 |
| Higher Education Authority | 793 | 3,399 | (1,813) | 2,379 |
| The Heritage Council | 13 | - | (11) | 2 |
| Irish Research Council | 6 | 46 | (17) | 35 |
| Marine Institute Ireland | 14 | 15 | (17) | 12 |
| Science Foundation Ireland | 226 | 29 | (156) | 99 |
| Teagasc | 3 | 20 | (4) | 19 |
| Western Development Commission | 2 | - | - | 2 |
| National Forum (Teaching & Learning) | - | - | 19 | 19 |
| Sustainable Energy Authority of Ireland | - | 183 | (1) | 182 |
| Dept of Arts, Heritage, Regional, Rural & Gaeltacht Affairs | 3 | - | 6 | 9 |
| Sligo University Hospital | 5 | - | (5) | - |
| Health Service Executive | - | 36 | (33) | 3 |
| Research Grants & Contracts | 1,196 | 4,687 | (2,405) | 3,478 |
| Higher Education Authority | 334 | 330 | (432) | 232 |
| Student Support Funding (Note 7) | 334 | 330 | (432) | 232 |

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued) Year ended 31 August 2020

7 Student Support Funding

| | 31/08/20 Disabilities €000's | 31/08/20 Student Assistance €000's | 31/08/20 Total €000's | 31/08/19 Total €000's |
|----------------------------------|------------------------------------|---|-----------------------------|-----------------------------|
| Balance at 1 September 2019 | 78 | 256 | 334 | 292 |
| Receipts | | | | |
| Higher Education Authority | 123 | 207 | 330 | 338 |
| Amounts Applied | | | | |
| Pay Costs | - | - | - | - |
| Non Pay Costs | (93) | (139) | (232) | (296) |
| Net Fee Income (Note 6) | 108 | 324 | 432 | 334 |
| Equipment | - | - | - | - |
| Balance at 31 August 2020 | 108 | 324 | 432 | 334 |

Funding is provided by the Higher Education Authority under the National Development Plan and is part funded by the European Social Fund.

8 Other Income

| | 31/08/20 €000's | 31/08/19 €000's |
|------------------------------------|--------------------|--------------------|
| Superannuation deductions retained | 1,548 | 1,433 |
| Bank Concession Fee | 150 | 150 |
| Rental of Facilities | 69 | 91 |
| Sundry Income | 728 | 556 |
| | 2,495 | 2,230 |

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued) Year ended 31 August 2020

9 Staff Costs

The average number of persons (including senior post-holders) employed by the Institute during the year, expressed in full time equivalent is:

| | 31/08/20 No. of employees | 31/08/19 No. of employees |
|-------------------------------------|---------------------------------|---------------------------------|
| Teaching and Research | 388 | 362 |
| Technical | 51 | 47 |
| Central Administration and Services | 173 | 154 |
| | 612 | 563 |
| | 2020 €000's | 2019 €000's |
| Salaries and wages | 35,989 | 32,763 |
| Overtime | 390 | 430 |
| Allowances | 28 | 39 |
| Social welfare costs | 3,355 | 2,991 |
| Employer welfare costs | 82 | -521 |
| | 39,844 | 35,702 |

Key management compensation

For the purposes of this note, key management personnel in the Institute includes the President, members of the Executive Board and members of the Governing Body.

| | 31/08/20 Headcount | 31/08/20 wte | 31/08/19 Headcount | 31/08/19 wte | | |
|------------------------|-----------------------|--------------------|-------------------------|--------------------|--------------------|-------------------------|
| President | 1 | 1 | 1 | 1 | | |
| Executive Management | 7 | 7 | 7 | 7 | | |
| | 8 | 8 | 8 | 8 | | |
| | 31/08/20 €000's | 31/08/20 €000's | 31/08/20 €000's | 31/08/19 €000's | 31/08/19 €000's | 31/08/19 €000's |
| | Salary | Interview fees | Overtime/ allowances | Salary | Interview fees | Overtime/ allowances |
| Governing Body Members | - | 12 | - | - | 18 | - |
| President | 158 | - | - | 153 | - | - |
| Executive Management | 698 | - | - | 697 | - | - |
| | 856 | 12 | - | 850 | 18 | - |

Post employment benefits of key management staff

Four members of the executive management team are members of the Institute scheme. The pension scheme is a defined benefit final salary pension arrangement with benefits and contributions defined by reference to current "model" public sector scheme regulations only.

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued)

Year ended 31 August 2020

9 Staff Costs - continued

Three members of the executive management team are members of the single pension scheme. The Single Scheme is the occupational pension scheme for new entrant public servants hired since 1 January 2013. It is a defined benefit scheme, with retirement benefits based on career-average pay.

The President is a member of the Institute scheme. The pension scheme is a defined benefit final salary pension arrangement with benefits and contributions defined by reference to current "model" public sector scheme regulations.

Termination payments

No termination payments were paid to any staff of the Institute.

Higher paid staff

The Institute has adopted a starting value of €60,000 to identify higher paid staff. Staff remuneration, in salary bands of €10,000, using €60,000 as the starting value, is as follows:

| Salary Bands | 31/08/20 | 31/08/19 |
|--------------------|-----------------|-----------------|
| | No of employees | No of employees |
| 60,000 - 70,000 | 49 | 51 |
| 70,001 - 80,000 | 63 | 54 |
| 80,001 - 90,000 | 125 | 110 |
| 90,001 - 100,000 | 26 | 30 |
| 100,001 - 110,000 | 8 | 2 |
| 110,001 - 120,000 | 1 | 4 |
| 120,001 - 130,000 | - | - |
| 130,001 - 140,000 | - | - |
| 140,001 - 150,000 | 1 | - |
| 150,001 - 160,000 | 1 | 1 |
| 160,001 + | - | - |
| Grand Total | 274 | 252 |

10 Other Operating Expenses

| | 31/08/20 | 31/08/20 | 31/08/20 | 31/08/20 | 31/08/19 |
|-----------------------------|---------------|--------------|-----------------|---------------|---------------|
| | Pay Costs | Depreciation | Other Operating | Total | Total |
| | €000's | €000's | Expenses | €000's | €000's |
| | | | €000's | | |
| Academic Departments | 28,869 | - | 2,946 | 31,815 | 29,392 |
| Academic Services | 1,652 | - | 1,542 | 3,194 | 3,206 |
| Facilities | 768 | - | 1,981 | 2,749 | 2,802 |
| Central Administration | 4,889 | - | 2,979 | 7,868 | 6,580 |
| General Education | 456 | - | 624 | 1,080 | 1,060 |
| Student Services | 608 | - | 1,068 | 1,676 | 1,639 |
| Student Support Funding | - | - | 232 | 232 | 296 |
| Research Grants & Contracts | 2,567 | - | 3,831 | 6,398 | 4,933 |
| Other | 35 | - | 142 | 177 | 123 |
| Depreciation | - | 2,980 | - | 2,980 | 2,716 |
| Total Expenditure | 39,844 | 2,980 | 15,345 | 58,169 | 52,747 |
| Total 2019 | 35,702 | 2,716 | 14,329 | 52,747 | |

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued) Year ended 31 August 2020

10 Other Operating Expenses - continued

| | Note | 31/08/20 €000's | 31/08/19 €000's |
|---|------|--------------------|--------------------|
| Classroom materials | | 543 | 689 |
| Fees payable to educational partners | | 1,530 | 1,376 |
| Library materials | | 233 | 244 |
| IT licencing/upgrade and maintenance | | 845 | 704 |
| General Education | | 452 | 559 |
| Student Services | | 669 | 654 |
| Students Union and Clubs and Societies subvention | | 502 | 535 |
| Grants to students funded by external bodies | | 110 | 63 |
| Research costs | | 3,182 | 2,437 |
| Equipment | | 839 | 868 |
| Light and Heat | | 436 | 524 |
| Security | | 233 | 253 |
| Cleaning and waste disposal | | 310 | 475 |
| Services and repairs | | 839 | 824 |
| Rent and Rates | | 120 | 129 |
| Water rates | | 46 | 51 |
| Travel & subsistence - Domestic | | 266 | 492 |
| Travel & subsistence - International | | 181 | 261 |
| Hospitality | | 73 | 71 |
| Training and development | | 349 | 303 |
| Audit Fee- Internal Audit | | 29 | 42 |
| Audit Fee- C&AG * | | 58 | 35 |
| Consultancy costs | 10a | 907 | 460 |
| Outsourced Services | | 232 | 202 |
| Subscriptions to Sectoral Bodies | | 118 | 213 |
| Communication costs | | 103 | 145 |
| Office stationery and supplies | | 294 | 338 |
| Advertising of courses | | 501 | 378 |
| Staff recruitment costs | | 28 | 52 |
| Insurance costs | | 250 | 229 |
| Bad debt costs - Student Fees | | 853 | 683 |
| Bad debt costs - Trade Debtors | | 214 | 40 |
| Total Other Operating Expenses | | 15,345 | 14,329 |

| | 31/08/20 €000's | 31/08/19 €000's |
|--|--------------------|--------------------|
| Other Operating Expenses include: | | |
| Auditors Remuneration | | |
| Audit of Institute by the C&AG | 58 | 35 |

* The audit fee relating to the 19/20 financial year is €44k.

| | 31/08/20 €000's | 31/08/19 €000's |
|---|--------------------|--------------------|
| 10a Consultancy Costs | | |
| Professional fees - Legal costs Professional fees | 134 | 62 |
| Professional fees - Legal costs Settlements | 33 | - |
| * Professional fees - Tax and financial advisory fees | 317 | 9 |
| Professional fees - Public relations/marketing | 47 | 142 |
| Professional fees - Pensions and human resources | 29 | 17 |
| Professional fees - Other | 347 | 230 |
| | 907 | 460 |

* Included in this figure is an amount of €314k for CUA related costs.

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued) Year ended 31 August 2020

11 Taxation

The Institute of Technology, Sligo is exempt from Corporation Tax under a charitable status order.

12 Financial Result for the year

| | 31/08/20 €000's | 31/08/19 €000's |
|--------------------------------|--------------------|--------------------|
| Institute surplus for the year | <u>3,171</u> | <u>2,359</u> |

13 Property, Plant & Equipment

| | Land and buildings €000's | Assets in course of construction €000's | Fixtures & fittings €000's | Computer equipment €000's | Plant & machinery €000's | Equipment €000's | Motor Vehicles €000's | Total €000's |
|----------------------------|------------------------------|---|----------------------------------|---------------------------------|--------------------------------|---------------------|-----------------------------|-----------------------|
| Cost | | | | | | | | |
| At 1 September 2019 | 104,456 | - | 2,074 | 2,460 | 1,751 | 6,555 | 42 | 117,338 |
| Additions in year | 337 | 2,484 | 127 | 249 | 859 | 447 | - | 4,503 |
| Disposals in year | - | - | - | - | - | - | - | - |
| At 31 August 2020 | <u>104,793</u> | <u>2,484</u> | <u>2,201</u> | <u>2,709</u> | <u>2,610</u> | <u>7,002</u> | <u>42</u> | <u>121,841</u> |
| Depreciation | | | | | | | | |
| At 1 September 2019 | 29,160 | - | 1,598 | 2,437 | 1,331 | 5,793 | 33 | 40,352 |
| Charge for year | 2,098 | - | 156 | 174 | 153 | 396 | 3 | 2,980 |
| Eliminated on disposals | - | - | - | - | - | - | - | - |
| At 31 August 2020 | <u>31,258</u> | <u>-</u> | <u>1,754</u> | <u>2,611</u> | <u>1,484</u> | <u>6,189</u> | <u>36</u> | <u>43,332</u> |
| Net book value | | | | | | | | |
| At 31 August 2020 | <u>73,535</u> | <u>2,484</u> | <u>447</u> | <u>98</u> | <u>1,126</u> | <u>813</u> | <u>6</u> | <u>78,509</u> |
| At 1 September 2019 | <u>75,296</u> | <u>-</u> | <u>476</u> | <u>23</u> | <u>420</u> | <u>762</u> | <u>9</u> | <u>76,986</u> |

There were no capital lease commitments at 31 August 2020.

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued)
Year ended 31 August 2020

13 Property, Plant & Equipment

| | Land and buildings | Assets in course of construction | Fixtures & fittings | Computer equipment | Plant & machinery | Equipment | Motor Vehicles | Total |
|----------------------------|--------------------|--|------------------------|-----------------------|----------------------|--------------|-------------------|----------------|
| | €000's | €000's | €000's | €000's | €000's | €000's | €000's | €000's |
| Cost | | | | | | | | |
| At 1 September 2018 | 103,447 | - | 2,070 | 2,356 | 1,765 | 6,234 | 42 | 115,914 |
| Additions in year | 1,009 | - | 4 | 171 | - | 405 | - | 1,589 |
| Disposals in year | - | - | - | (67) | (14) | (84) | - | (165) |
| At 31 August 2019 | 104,456 | - | 2,074 | 2,460 | 1,751 | 6,555 | 42 | 117,338 |
| Depreciation | | | | | | | | |
| At 1 September 2018 | 27,278 | - | 1,442 | 2,312 | 1,266 | 5,473 | 30 | 37,801 |
| Charge for year | 1,882 | - | 156 | 192 | 79 | 404 | 3 | 2,716 |
| Eliminated on disposals | - | - | - | (67) | (14) | (84) | - | (165) |
| At 31 August 2019 | 29,160 | - | 1,598 | 2,437 | 1,331 | 5,793 | 33 | 40,352 |
| Net book value | | | | | | | | |
| At 31 August 2019 | 75,296 | - | 476 | 23 | 420 | 762 | 9 | 76,986 |
| At 1 September 2018 | 76,169 | - | 628 | 44 | 499 | 761 | 12 | 78,113 |

There were no capital lease commitments at 31 August 2019.

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued) Year ended 31 August 2020

14 Subsidiary Undertakings and Investments

The Institute held an interest in the following subsidiaries:

| Subsidiary undertakings (both now liquidated) | % |
|--|--------|
| Ballinode Catering and Services (Limited by guarantee) (BCS) | 100% |
| CREDCO (Limited by guarantee) | 100% |
| Retained Surplus (at 30th June 2017) | €000's |
| Ballinode Catering and Services (Limited by guarantee) (BCS) | 248 |
| CREDCO (Limited by guarantee) | 55 |

Both of the above subsidiary undertakings had their registered office and place of business at the Institute of Technology, Sligo.

In the 2018/19 financial year the Institute began proceedings to liquidate the subsidiaries and transfer their activities to the Institute. The companies ceased trading on the 30th June 2017 and all their activities have now been transferred to the Institute. BCS was dissolved with an effective date of 23rd September 2020 and CREDCO was dissolved with an effective date of 16th September 2020.

The surplus assets totaling €262k were transferred to the Institute during the 2019/20 year. This income is included in sundry income. (Note 8)

Principal Activity

BCS provided various services within the Institute of Technology, Sligo.

These services included recreational facilities, hall hire, and the provision of graduate services.

CREDCO was involved mainly in consultancy, research, the furtherance of education and provision of incubation space.

15 Receivables

| | 31/08/20 €000's | 31/08/19 €000's |
|--|--------------------|--------------------|
| State grant receivable | 1,275 | 526 |
| Capital grant receivable | 524 | 138 |
| Academic fees receivable | 1,452 | 1,156 |
| Provision for Academic fees | (872) | (863) |
| Research Grants and Contracts Receivable | 1,009 | 883 |
| Prepayments and Accrued Income | 489 | 390 |
| Trade Debtors | 486 | 204 |
| Provision for Trade Receivables | (272) | (58) |
| Other receivables | 68 | 87 |
| | 4,159 | 2,463 |

16 Cash & cash equivalents

| | 31/08/20 €000's | 31/08/19 €000's |
|--|--------------------|--------------------|
| Cash at bank including balances held on short term deposit | 30,480 | 25,960 |

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued) Year ended 31 August 2020

17 Payables: amounts falling due within one year

| | 31/08/20 €000's | 31/08/19 €000's |
|---|--------------------|--------------------|
| State Grant in advance | 68 | - |
| Research Grants and Contracts in advance | 4,088 | 2,813 |
| Deferred Income Student Support Funding | 434 | 335 |
| Tuition fees and Student Registration Charges received in advance | 1,811 | 2,352 |
| Trade Payables and Accruals | 3,865 | 2,632 |
| PAYE | 534 | 591 |
| PRSI | 385 | 347 |
| Other payables | 98 | 117 |
| Accruals and Deferred Income | 2,771 | 1,820 |
| | <u>14,054</u> | <u>11,007</u> |

18 Lease Commitments

| | Land & Buildings 31/08/20 €000's | Land & Buildings 31/08/19 €000's |
|--|--|--|
| Operating Leases | | |
| Total future minimum lease payments under non-cancellable operating leases are as follows: | | |
| Within 1 Year | 11 | - |
| Between 2 & 5 Years | 31 | - |
| Total Commitments | <u>42</u> | <u>-</u> |

On the 3rd August 2020, the Institute entered into a commercial letting agreement for one property for four years.

19 Deferred State Capital Grants

| | 31/08/20 €000's | 31/08/19 €000's |
|--|--------------------|--------------------|
| At 1 September | | |
| Opening Balance | 76,979 | 78,104 |
| Cash received in year | | |
| Allocated from State recurrent grant | 99 | 304 |
| Higher Education Authority - Capital | 4,225 | 1,001 |
| Research Grants and Contracts | 158 | 279 |
| Other | 16 | - |
| Funded from Capital Development Reserve | - | 5 |
| Total | <u>4,498</u> | <u>1,589</u> |
| Amortised to Income and expenditure in year | | |
| Amortised in line with depreciation | (2,977) | (2,714) |
| Adjustment for Non State Assets | - | - |
| Total | <u>(2,977)</u> | <u>(2,714)</u> |
| Adjustment to accumulated depreciation (Note 13) | - | - |
| At 31 August | | |
| Closing Balance | <u>78,500</u> | <u>76,979</u> |

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued) Year ended 31 August 2020

20 Capital Development Reserve

| | 31/08/20 €000's | 31/08/19 €000's |
|--------------------------------|--------------------|--------------------|
| Opening Balance | 13,588 | 1,593 |
| Interest earned | - | - |
| Transfer from Revenue Reserves | 1,012 | 12,000 |
| Capital Projects | - | (5) |
| Closing Balance | <u>14,600</u> | <u>13,588</u> |

The Capital Development Reserve balance is made up of monies set aside to fund projects approved by the Governing Body. Project 1 is the refurbishment and extension of Block L 3,074 m². The budget for this is a total of €11,000,000 of which €8,400,000 is funded by the HEA. €2,600,000 of the balance relates to this project.

Project 2 is the further extension of Block B by 4,381 m². The budget for this is a total of €18,600,000 of which €6,600,000 is funded by the HEA. €12,000,000 of the balance relates to this project.

21 Capital Commitments

| | 31/08/20 €000's | 31/08/19 €000's |
|---------------------------------|--------------------|--------------------|
| Contracted for but not provided | 984 | 3,101 |
| Authorised but not contracted | 26,779 | - |
| | <u>27,763</u> | <u>3,101</u> |

22 Related Parties

In the normal course of business the Institute may enter into contractual arrangements with undertakings in which the Institute's Governing Body members are employed or otherwise interested. The Institute has adopted procedures in accordance with the Code of Governance of Irish Institute's of Technology 2019 in relation to the disclosure of interests by members of the Board and the Institute has complied with these procedures during the year.

The Institute has an 10.39% shareholding in Nektr Technologies, a company which was formed to commercialise our A31S technology.

The Institute obtained the shareholding as part of a shareholder agreement dated 21st March 2018 and a licence agreement dated 21st March 2018 in relation to the commercialisation of A31S, a platform technology comprising three patents which have a wide range of applications in the healthcare and pharmaceutical fields.

The licence agreement is in place for the duration of the patents up to 2027 and provides for the payment to the Institute of €100,000 in one instalment, which is triggered by the conversion of the licence to an assignment.

The three inventors employed by the Institute also received 24% of the shares in Nektr Technologies as part of the agreement.

There are no loans nor other financially enforceable obligations arising for the Institute as a result of this shareholding. No dividend has been received to date from Nektr Technologies.

On the 10th September 2019 the Institute formed a Designated Activity Company (DAC) with Sligo County Council and Leitrim County Council - Sligo Leitrim ITS Regional Development Projects Designated Activity Company. The DAC was formed with the purpose of progressing regional development projects and the Institute owns 34% of the shares.

23 Contingent Liabilities

There were no contingent liabilities existing at 31 August 2020.

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued) Year ended 31 August 2020

24 CONNACHT-ULSTER ALLIANCE AND TECHNOLOGICAL UNIVERSITY APPLICATION

The CUA (strategic alliance between Galway-Mayo Institute of Technology, Letterkenny Institute of Technology and Institute of Technology Sligo) aims to achieve designation to function as a Technological University (TU) for the West and North-West that delivers education and research to meet the economic, social and cultural needs of the West/North-West region and contributes significantly to the achievement of the outcomes outlined in the National Development Plan and Ireland 2040.

During the period 2019/20, CUA partners have focused on three key activities (i) Drafting CUA TU Application document (ii) Achievement of TU criteria and external verification of same and (iii) Agreement with unions on future terms and conditions for staff. Successful achievement of the above three key activities provides the CUA TU with a solid basis upon which to become a single entity as a TU for the West and North-West.

The CUA has achieved significant progress during the period under review and an application to achieve TU designation was submitted in May 2021.

The estimated total project cost to the end of August 2021 will be €24.6m of which €11.6m has been funded directly by the HEA through the Landscape and TUTF funding mechanisms. All funding was expended in pursuance of the project objectives.

25 Retirement Benefit Costs

(i) Staffing

Examination of records may identify changes to members' records in the future and these are reflected as past service costs (see (iii) below).

(ii) Description of Scheme

Institute Scheme

The pension scheme is a defined benefit final salary pension arrangement with benefits and contributions defined by reference to current "model" public sector scheme regulations. The scheme provides a pension (one eightieth per year of service), a gratuity or lump sum (three eightieths per year of service) and spouse's and children's pensions. Normal Retirement Age is a member's 65th birthday, and pre 2004 members have an entitlement to retire without actuarial reduction from age 60. Pensions in payment (and deferment) normally increase in line with general public sector salary inflation. Deductions from staff are retained by the Institute.

Single Scheme

New entrant staff, employed by the Institute after 1 January 2013 are members of the Single Public Service Pension Scheme in accordance with Public Sector Pensions (Single Scheme and Other Provisions) Acts 2012. Deductions from staff salaries under the Single Scheme are transferred to the Department of Public Expenditure and Reform on a monthly basis in accordance with the act.

The Single Scheme is the occupational pension scheme for new entrant public servants hired since 1 January 2013. It is a defined benefit scheme, with retirement benefits based on career-average pay. The scheme generates pension credits and retirement lump sum credits for each scheme member. These money credits, known as "referable amounts" accrue as percentages of pay on an ongoing basis. The referable amounts accrued each year are revalued annually until retirement in line with inflation increases (Consumer Price Index). The annual pension awarded on retirement is the cumulative total of a scheme member's pension referable amounts, and the retirement lump sum awarded is, similarly the total of the scheme member's lump sum referable amounts.

Valuation

The valuation used for FRS 102 disclosures has been based on a full actuarial valuation by a qualified independent actuary taking account of the requirements of the FRS in order to assess the scheme liabilities at 31 August 2020. On retirement, members' pensions are paid by the National Shared Services Office on behalf of the Department of Further and Higher Education, Research, Innovation and Science and those payments are charged to that Department's appropriation account. Therefore, former employees of the Institute who are in receipt of pension have been excluded from the valuation. The reduction in liability arising from members who retire during the year is reflected as an experience gain and is separately identified in the liability reconciliation.

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued) Year ended 31 August 2020

25 Retirement Benefit Costs (cont'd)

The principal actuarial assumptions used to calculate the components of the defined benefit cost for the year ended 31 August 2020 were as follows:

| | 31/08/20 | 31/08/19 |
|-------------------|----------|----------|
| Discount rate | 1.10% | 0.90% |
| Inflation rate | 1.40% | 1.35% |
| Salary increases | 2.65% | 2.60% |
| Pension increases | 2.15% | 2.10% |

The mortality basis adopted allows for improvements in life expectancy over time, so that life expectancy at retirement will depend on the year in which a member attains retirement age (age 65). The number of members in the Scheme and the number of deaths are too small to analyse and produce any meaningful Scheme-specific estimates of future levels of mortality. Average future life expectancy according to the mortality tables used to determine the pension liabilities are:

| | 31/08/20 | 31/08/19 |
|----------------|----------|----------|
| | Years | Years |
| Male aged 65 | 21.7 | 21.7 |
| Female aged 65 | 24.1 | 24.1 |

(iii) Analysis of total retirement benefit costs charged to the Statement of Comprehensive Income

| | 31/08/20 | 31/08/19 |
|---|---------------|---------------|
| | €000's | €000's |
| Net Current service cost | 12,806 | 10,580 |
| Interest on retirement benefit scheme liabilities | 2,162 | 4,070 |
| Employee contributions / (benefits paid) | (1,974) | (1,727) |
| | <u>12,994</u> | <u>12,923</u> |

(iv) Movement in net retirement benefit obligations during the financial year

| | 31/08/20 | 31/08/19 |
|---|------------------|------------------|
| | €000's | €000's |
| Net retirement benefit obligation at 1 September | (233,853) | (198,225) |
| Net Current service costs | (10,832) | (8,853) |
| Interest costs | (2,162) | (4,070) |
| Employee contributions | (1,974) | (1,727) |
| Benefits paid in period | - | - |
| Reduction in pension liabilities arising from retirements in tl | 3,393 | - |
| Experience (loss)/gain on liabilities | (413) | 10,979 |
| Changes in actuarial assumptions | 8,532 | (31,957) |
| Net retirement benefit obligations at 31 August | <u>(237,309)</u> | <u>(233,853)</u> |
| Split between: | | |
| SPSPS | (5,933) | (5,637) |
| ESS | (231,376) | (228,216) |
| | <u>(237,309)</u> | <u>(233,853)</u> |

INSTITUTE OF TECHNOLOGY, SLIGO

Notes to the financial statements - (continued) Year ended 31 August 2020

25 Retirement Benefit Costs (cont'd)

(v) Deferred funding asset for retirement benefits

The Institute is prescribed in S.I. No 581 of 2012 as a relevant authority for the purposes of the single scheme. It is the Institute's opinion (in accordance with Section 44 of the 2012 Act) that any liability in respect of the Single Scheme would be offset by an equivalent asset in respect of future state funding.

The Institute recognises amounts owing from the State for the unfunded deferred liability for retirement benefits relating to the Education Sector Superannuation Scheme 2015 on the basis of the set of assumptions described above and a number of past events. These events include the statutory basis for the establishment of the retirement benefit scheme, and the policy and practice currently in place in relation to funding public service pensions including contributions by employees and the annual estimates process. The Institute has no evidence that this funding policy will not continue to meet such sums in accordance with current practice.

The net deferred funding for retirement benefits recognised in the Statement of Comprehensive Income was as follows:

| | 31/08/20 €000's | 31/08/19 €000's |
|---|--------------------|--------------------|
| Funding recoverable in respect of current year retirement Benefit costs | <u>12,994</u> | <u>12,923</u> |

The deferred funding liabilities for retirement benefit as at 31 August 2020 amounted to €237,309.

(vi) History of defined benefits obligations

| | 31/08/20 €000's | 31/08/19 €000's |
|--|--------------------|--------------------|
| Defined benefit obligations | 237,722 | 222,874 |
| Experience losses/(gains) on deferred benefit scheme liabilities | <u>(413)</u> | <u>10,979</u> |
| | <u>237,309</u> | <u>233,853</u> |

26 Post Balance Sheet Events

The Institute is currently in negotiations regarding the possibility of integrating St Angela's College Sligo into IT Sligo's operations in advance of obtaining Technological University status. However this is dependent on obtaining Departmental and other necessary approvals. There have been no other significant events since the balance sheet date which could have implications for these financial statements.

27 Foundations and Trusts

The Institute does not have any foundations or trusts which could have implications for these financial statements.

28 Approval of Financial Statements

The financial statements were approved by the Governing Body on the 16th June 2021.